

SENATE BILL REPORT

SB 5389

As Reported By Senate Committee On:
Financial Institutions & Housing, February 17, 1995

Title: An act relating to the regulation of escrow agents.

Brief Description: Regulating escrow agents.

Sponsors: Senators Prentice, Long, Fraser and Wood; by request of Department of Licensing.

Brief History:

Committee Activity: Financial Institutions & Housing: 2/2/95, 2/17/95 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: That Substitute Senate Bill No. 5389 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

Staff: Catherine Mele (786-7470)

Background: Escrow agents are companies certified by the Department of Licensing to assist in the closing of real property transactions. Escrow agents effectuate the sale and transfer of real property between buyers and sellers. Each escrow agent must employ or designate an escrow officer who is responsible for supervising the escrow activities of the company. The responsible escrow officer must also be licensed by the Department of Licensing. Escrow agents must comply with other statutory requirements, such as obtaining a fidelity bond and an errors and omissions insurance policy.

The Escrow Commission, comprised of the Director of the Department of Licensing and five members from the escrow industry appointed by the Governor, advises the Department of Licensing about issues regarding regulation of the escrow agents and officers.

Summary of Substitute Bill: Regulation of escrow agents and officers is transferred from the Department of Licensing to the Department of Financial Institutions. The Director of the Department of Financial Institutions, rather than the Governor, appoints representatives to the Escrow Commission.

Substitute Bill Compared to Original Bill: The escrow licensing fees are placed into the banking examination fund. An emergency clause is added.

Appropriation: None.

Fiscal Note: Requested on January 23, 1995.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Escrow officers perform a financial activity and should be regulated by the Department of Financial Institutions.

Testimony Against: None.

Testified: Mike Collins, Dept. of Licensing (pro); John Bley, Dept. of Financial Institutions (pro).